62. The natural monopoly suggestion warrants some attention. In the first place, there already is a good deal of local loop provision by firms other than Ameritech. Special access provided by IXCs and CAPs has for some time been draining away local exchange access minutes from incumbent providers. These special access lines are a substitute for private line service as well. These, of course, are services that are provisioned over local loops. Additionally, CAP networks are wholly capable of competing with and, in fact, do compete with the local loops of ILECs. We have shown that these networks have very substantial potential in Michigan. They continue to expand even as this application is pending.

4. Other modes of competition are also effective

63. Opponents make light of the ability of wireless services to compete with wireline local exchange service.[71/] However, these technologies are not just tomorrow's possibility. Companies like WinStar are in business and providing service today. In fact, after being awarded wireless licenses in four more markets, WinStar stated that the new licenses bring the company closer to its goal of a "coverage footprint in 49 of the nation's top 50 markets."[72/] AT&T may not have rolled out its new wireless technology yet, but companies like WinStar are not fictitious, they are up and running.

64. Opponents would also have us believe that competition from other wireline alternatives, such as cable TV companies, electric utilities, MDUs, etc. are not in the

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71/ Hubbard/Lehr Aff., p. 33; Starkey Aff., pp. 27-29; Baseman/Warren-Boulton Aff., pp. 55-56.

72/ "WinStar Bags Four Licenses from FCC," *Telecom A.M.*, June 25, 1997.

game.[73] As a factual matter, this is incorrect, because they are players in the game. More to the point, though, is that the relevant question is not whether they are in the game, but whether the game is open to them. As to that question, there is but one answer: yes. Any cable company or electric utility that decides to offer local exchange services in Michigan can do so, through facilities, unbundled elements and/or resale, because the market is completely open to competitors of all kinds. The importance of cable companies and electric utilities is that they have substantial complementary assets (such as rights-of-way, existing network facilities and customer bases), which can be leveraged into local exchange services.

65. It is far from clear how many loops will ultimately be competing in the local service marketplace. The most likely single loop situation is where there is a relatively high cost area with traffic volumes that are insufficient to support more than one loop provider. We have yet to see where and how many of those areas there might be. As the number of services, voice, data, image and video, continue to multiply, they may be many fewer in number than some anticipate. Moreover, as wireless local loop and cable-technologies develop and become more economic, all or most customers (and resellers) will have a choice of suppliers of local access and exchange facilities, even in very low density areas. Because local markets in Michigan are so open to competition, moreover, we expect these technological developments to occur relatively soon.

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[73] Hubbard/Lehr Aff., p. 32; Starkey Aff., pp. 26, 38-40.

5. Competition and cooperation

66. We briefly discussed above the issue of CLECs relying on Ameritech for unbundled network elements and the fact that this does not raise competitive concerns. Since there may or may not be long term reliance by CLECs on RBOCs for their unbundled network elements, especially local loops, it is important to understand fully the lack of foundation for any such concern. Opponents experts, most notably Hall,[74] advance the theory that cooperation is inconsistent with competition. Moreover, in telecom "cooperation between upstream and downstream firms is essential for consumer welfare."[75] Since "cooperation is the antithesis of competition," we are led to the conclusion that if the IXCs must rely on Ameritech for access, there can never be competition.

67. This argument involves considerable hyperbole, and flies in the face of what goes on in competitive markets. Firms routinely cooperate and compete at the same time. It is increasingly common to find firms relying on competitors for inputs. Indeed, strategic alliances, which have become increasingly common in global industries like electronics and biotechnology, involve many such dependencies. In our view, cooperation (in the supply of inputs for instance) is increasingly the corollary of

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[74] See Hall Aff., pp. 7 - 17 especially.

[75] Hall Aff., p. 7

competition.[76] If not, then the global economy is currently being enveloped in a threatened skein of anticompetitive relations. We submit that this is simply not the case.

68. Consider the petroleum industry. In this industry, competitors on the final product market rely on each other for crude supplies. Thus Chevron relies on BP-Sohio for Alaskan crude to supply its California refineries, pursuant to an exchange. In the absence of BP-Sohio crude, Chevron would face considerable cost penalties in importing crude from elsewhere. Relying on a competitor for a critical input is thus quite consistent with competition, opponents claim to the contrary not withstanding.

69. As a further example, take Hewlett Packard. H-P is a very successful manufacturer/supplier of laser printers. In that business, it competes with many firms, including Canon. However, when one of us studied this some time ago, H-P depended entirely on Canon for the engines for its laser printers.[77] Moreover, it was exposed to considerable strategic hazards, as once H-P had "designed in" the Canon engine, it could not switch suppliers until the end of that particular product cycle. We cite this example to point out that cooperation is often the corollary of competition. In the private sector, firms find ways to provide protection against strategic hazards without running to regulators. Indeed, as Michael Porter showed in the Competitive Advantage of Nations, cooperation amongst firms was often a characteristic of highly competitive economic

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[76] Indeed, this is the central them of "Co-opetition," one of the most important new works in competitive strategy. A. Brandenburger and B. Nalebuff, Co-opetition, New York: Doubleday, 1996.

[77] See J. de Figueiredo and D. Teece, "Mitigating Procurement Hazards in the Context of Innovation," *Industrial and Corporate Change*, 5:2 (1996), pp. 537-559.

regions.[78] Once again, opponents' affiants concern that competition cannot exist when one competitor relies on another for an input flies in the face of reality and seeks to impose a standard which is not attained in many other markets commonly regarded as competitive.

6. Opponents err in their assessment of incentives facing Ameritech

70. Another issue we would like to briefly revisit pertains to opponents' assertions regarding the incentives facing Ameritech before and after entry into the interLATA market. As opponents experts plumb the depths of their understanding of corporate behavior, they uniformly converge on a rather simple "carrot rationale"[79] for denying authorization. Their basic argument is that once Ameritech gets authorization "its sole business incentive for cooperating in opening its network to competition will disappear."[80] Indeed, Baseman and Warren Boulton argue that the incentive to discriminate will increase significantly once competition breaks out.[81]

71. We have several comments. First, corporate behavior and organizational motivation is far more complex than this rather sophomoric approach would suggest, as indicated by the extremely broad literature on the subject, much of it outside of

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78/ See M. Porter, Competitive Advantage of Nations, New York: Free Press, 1990; and D. Teece, "Information Sharing, Innovation, and Antitrust," *Antitrust Law Journal*, 62:2 (Winter 1994), 465-481.

79/ Baseman/Warren-Boulton Aff., pp. 13-14; Shapiro Aff., p. 19 refers to the long distance entry "prize".

80/ Baseman/Warren Boulton Aff., p. 13.

81/ Baseman/Warren-Boulton Aff., p. 14.

economics.[82] Second, authorization is not the only or the last element of regulatory control which the FCC and the state regulators have at their disposal, as Gilbert and Panzar point out in their affidavit. Third, so long as opponents choose to use this rather naïve view of corporate behavior, they should at least characterize the carrots correctly.

- Ameritech is asking only for authorization in Michigan; the FCC and DOJ still have four additional carrots (Illinois, Indiana, Wisconsin, and Ohio) to use to entice appropriate behavior.
- The carrots are diminishing over time in that the present value of the rent stream available from competition in long distance is diminished by every day of delay. (Long distance customers are harmed too).
- Opponents' experts cannot simultaneously pretend that there are not any rents in the long distance market and advance the notion that the authorization carrot is valuable.

In short, if opponents experts wish to frame complex public policy issues in this primitive way, they must at least characterize the facts correctly, and be consistent in their logic.

IV. BENEFITS OF VERTICAL INTEGRATION

72. In our initial affidavit we described the benefits that would accrue to consumers and Ameritech as a result of integrating interLATA service into the local and other intraLATA services that Ameritech Michigan supplies. Opponents challenge our conclusions and say that Ameritech's entry into interLATA service generally will provide few net benefits from vertical integration[83] or, in the event there are any, that they could just as well be achieved through contractual arrangements.[84] In addition, they express

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[82] See for example J. March and R. Cyert, A Behavioral Theory of the Firm. Englewood Cliffs: Prentice Hall, 1963.

[83] MCI, p. 48; AT&T, pp. 46-50; Sprint, pp. 47-48.

[84] Hall Aff., pp. 25-27.

concern over allowing the bundling of local and interLATA service by Ameritech Michigan because, they believe, this would give Ameritech an advantage over CLECs who, they say, will not be able to bundle until later.[85] We address both of these arguments in turn.

A. Contracting is not always a satisfactory substitute for vertical integration

73. The efficiencies that can be achieved via Ameritech vertically integrating its local and interLATA long distance services can not be accomplished through contractual arrangements. Although contractual arrangements sometimes can help to achieve efficiencies in lieu of integration of firms into a single entity, they are unable to substitute for integration in instances where either complex coordination is required or where investments in specific assets are necessary to bring about the efficiency gains.[86]

74. The vertical efficiency gains from integrating local and long distance services will result in part from complex coordination and from deploying specific assets. The joint provision and marketing of local and long distance service entails the integration of complex and proprietary marketing strategies that can not be so readily achieved through arms-length contracting. To truly couple marketing and promotion strategies, it is necessary to be intimately familiar with the strategic purposes underlying the various campaigns and strategies. Other sources of vertical efficiencies of a non-production variety such as product development, service provisioning, customer care, billing and

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85/ AT&T, pp. 43-44; MCI, p. 45; Shapiro Aff., p. 8.

86/ Henry W. Chesbrough and David J. Teece, "When is Virtual Virtuous?" *Harvard Business Review*, January-February 1996, pp. 65-73.

brand identification similarly make it imperative that integration, not contractual arrangements, be used to achieve the hoped-for efficiencies. Customers want the seamless integration of services; they do not want to see the stitching. Integration is the best way to answer that for telecom services.

75. In the same vein, investment in specific assets necessary to achieve vertical efficiencies will not occur unless vertical integration is permitted. Even in the case of using a common bill for local and long distance services, contractual arrangements may not suffice. If significant new investments in software are required to institute proprietary changes, these investments become significantly more risky when contracts must be relied on for future joint use. Certainly, the kinds of billing arrangements that have been used in the past to jointly bill for local and long distance services do not assure the long-term joint usage necessary for investment in costly new systems.

76. The importance of vertical integration with respect to contractual arrangements to achieve vertical efficiencies in telecom is also illustrated by the actions of competitors who are participating in the Michigan telecommunications market. MCI and British Telecommunications, in support of their merger proposal before the FCC, recently extolled that, "The merger will also permit significant savings in operating costs and capital expenditures."[87/] They claimed that there would be "direct benefits to American consumers through service innovations, efficiencies and lower prices."[88/]

87/ Application and Notification Before the Federal Communications Commission *In the Matter of The Merger of MCI Corporation and British Telecommunications plc*, Volume 1, December 2, 1996, p. 8.

88/ Id.

Evidently, MCI and British Telecommunications, although separated by an ocean, did not believe these efficiencies and other advantages could have been equally achieved through contractual arrangements.

77. AT&T, in a similar way, argued in support of its acquisition of McCaw Cellular Communications that, "the transaction would enhance MCCI's marketing through access to the AT&T name and to AT&T's marketing channels..."[89/] They argued that it would provide a benefit of "increased customer service" through "AT&T's high standards of service."[90/] In addition, they stated, "AT&T can assist those affiliates in improving billing, marketing and administrative functions..."[91/] All of these arguments were proffered as justification for an acquisition. Presumably, if the same benefits could have been gained through contractual arrangements, the arguments would have been empty.

78. A further reflection of the need to actually have common ownership of entities jointly providing service is the difficulty facing Unisource, the European telecommunications alliance and an AT&T international partner. When Telefonica of Spain defected from the alliance, Unisource said that it was "considering an exchange of stakes to cement the links between its remaining three members."[92/] This cross-

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89/ Application Before the California Public Utilities Commission *In the Matter of the Joint Application of AT&T and McCaw Cellular to Transfer Indirect Control of McCaw's California Cellular Holdings to AT&T (abbreviated title)*, August 24, 1993, p. 24.

90/ Id., p. 27.

91/ Id.

92/ "Unisource Moves to Retain Remaining Members," *Telecom A.M.*, April 22, 1997.

shareholding approach was "designed to address concerns that Unisource, a loose grouping, didn't have the commitment of its participants."[93/]

79. All of these examples clearly signal that, if contractual arrangements would suffice to bring about the benefits from the relationships involved, there would be no need for actual joint ownership of the entities. Obviously, this was not the case in those instances nor is it in the situation with respect to Ameritech and its need to enter the market for inter-LATA services.

80. Elsewhere in our affidavit, we have spoken of the ability of CLECs to rely upon the unbundled loops of Ameritech in provisioning their local service and that this relationship could be satisfactorily relied upon for a significant or indefinite period of time. However, unlike that arrangement, the local/long distance relationship being discussed in this section has no built-in regulatory safeguards that assure the continuation of the provision of those services at prices that are reasonable from a regulatory standpoint. Therefore, although CLECs may not find it necessary to build their own facilities because of their ability to rely upon ILEC provided facilities with the necessary regulatory safeguards, Ameritech can not rely upon contractual arrangements to substitute satisfactorily for vertical integration in order to achieve potential efficiencies.

B. Bundling headstart

81. Opponents assert that allowing Ameritech Michigan to enter the interLATA business will give them an unfair advantage by giving them the ability to bundle local and

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93/ Id.

interLATA services prior to CLECs having that opportunity.[94] This assertion is baseless. CLECs are competing in local service in Michigan today. They have the ability to offer both local and interLATA services via one-stop shopping today. Since, as we have stated several times, they are rapidly expanding their customer bases, they will likewise be rapidly expanding their provision of bundled services. At this point, Ameritech Michigan is not able to offer bundled service to anyone. At this point, it is the CLECs who are gaining an unfair advantage by offering bundled service in the form of one-stop shopping while their competitor can not.

82. There has been much discussion regarding the incentives that incumbent LECs have by either being or not being a participant in the interLATA market for telecommunications services.[95] What has drawn much less attention are the incentives that CLECs who are also affiliated with IXCs face as a result of RBOCs either being in or not being in the interLATA market. Before entry, IXCs obviously have a powerful incentive to do everything in their power to keep the RBOCs from entering the interLATA marketplace. Even if one accepts their arguments that the interLATA market is competitive today, a proposition that is hotly contested,[96] they nevertheless stand to lose significant amounts of market share to a formidable competitor such as Ameritech Michigan in its own territory. The experiences of SNET and GTE provide powerful examples of how well-founded this fear is. The fear is sufficiently strong to make it

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[94] AT&T, pp. 43-44; MCI, p. 45; Shapiro Aff., p. 8; Baseman/Warren-Boulton Aff., p. 50; Hubbard/Lehr Aff., pp. 54-55.

[95] AT&T, pp. 44-45; Bernheim/Ordover/Willig Aff., pp. 21-27. Affidavit of Robert H. Bork on Behalf of AT&T ("Bork Aff."), p. 8.

strategically beneficial for IXCs to go slow in entering the local exchange services business. It seems to have certainly contributed to a substantial expenditure of resources to resist Ameritech's entry in the legal/regulatory arena. A plausible strategy would be to go slow in entering the local marketplace and fight hard in the regulatory/legal arena. Allowing Ameritech Michigan into the interLATA business would thus remove this incentive that currently is faced by IXCs to go slow in the local exchange marketplace.

83. Allowing Ameritech Michigan to enter the interLATA business and thus provide the benefits of vertical integration would also give Ameritech the ability to bundle its services, limited by the separate subsidiary requirement. To the extent that this is what consumers want, and there is considerable evidence that that is exactly what consumers want, it will build substantial pressure for IXCs and affiliated CLECs to be in a position to offer this consumer preferred package. As a consequence, it would light a fire under the CLECs to expand their offerings as rapidly as possible.

84. The result of allowing Ameritech Michigan to enter the interLATA market would thus have two highly positive effects on the development of local service competition; it would remove the "go slow" incentive that currently exists for CLECs affiliated with IXCs and it would set up a powerful positive incentive for these CLECs to expand as rapidly as possible in order to provide the consumer preferred package of local and interLATA service.

26/ Schwartz Aff., p. 13.

V. CONCLUSION

85. The local exchange in Michigan is open to competition. Barriers to entry into local exchange services are down, new entry is already significant, and a substantial portion of the customer base is already addressable. Competition is advancing rapidly and is unlikely to abate. Opponents have simply not looked carefully at the evidence; nor have they properly interpreted what they have seen.

86. The local exchange in Michigan is already "fully irreversibly open to competition." This standard does not require evidence of local competition of all forms and in all regions as DOJ affiant Schwartz explains. In Michigan there is already modest actual competition, rapid CLEC growth, and statistics on addressability which indicate the additional competition which will be immediately activated when authorization is granted. Right now, of course, AT&T, MCI and Sprint are severely disincented to enter, because by holding back they can stall long distance authorization. Such regulatory gaming should be stopped right away.

87. It is undoubtedly the case that the FCC will need to work hard to clear the fog around these issues, given what is at stake. We recommend to the FCC that they pay close attention to the actions of investors. Investors are placing valuations on CLECs consistent with our interpretation of the facts, not opponents.[97/] One must also notice that opponents' economists do not in any way mention the valuation of CLECs. This is somewhat surprising given the general proclivity of economists to use the market valuations as the ultimate benchmark of viability and growth expectations.

88. Opponents confound the issues by appealing to structural (metrics) tests which are inappropriate for assessing competition in recently opened markets. TA96 has made that clear in the context of US Telecom, but opponents choose to ignore the law and the economic realities of telecom today. Indeed, they sometimes write as if unbundling and resale don't exist, and put forward standards that would suffice for deregulating the local exchange. This may simply reflect genuine confusion over what is at issue in this proceeding.

89. In the end, with all their best arguments fully exhausted, opponents depart from economics and engage in political economy arguing that the FCC should delay for no better reason than to keep Ameritech cooperative by dangling a carrot (authorization) out in front. This is naïve, as it puts no alight on the powers of state and federal regulators, and conveniently ignores the fact that authorization is being sought for only one out of Ameritech's five states. Opponents also argue that cooperation is unheard of in competitive markets, which flies in the face of marketplace realities.

90. In short, opponents advance theories, and ignore evidence. A charitable reading, which we are inclined to give, of opponents' affiants is that they are engaging in Nirvana Economics, pursuing the theoretically pure, and failing to compare the actual choices which TA96 allows.[98/] As we note, all but possibly one economist leaves us with the distinct impression that authorization would not occur anytime soon.[99/]

97/ In none of the analyst reports that we have seen is there any suggestion that authorization will cause their valuation to crater.

98/ As Harold Demsetz reminds us: "This nirvana approach differs considerably from the comparative institution approach in which the relevant choice is between real institutional arrangements. In practice, those who adopt the nirvana viewpoint

91. Ameritech has been the pioneer. Its thinking and actions regarding the development of competitive approaches has advanced ahead of regulators, and ahead of economists. It has pursued unbundling with a degree of evenhandedness uncommon in corporate America. In seeking to understand corporate behavior, policy makers should weight this alongside opponents "carrot" and "prize theories." The practice of incentive regulation, writ large, requires authorization, and it requires it now.

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seek to discover discrepancies between the ideal and the real and if discrepancies are found, they deduce that the real is inefficient." Demsetz, Harold, "Information and Efficiency: Another Viewpoint," *Journal of Law and Economics,* 22 (1) (April 1969), p. 1. (Footnote omitted).

99/ In surveying the affidavits of the IXC economists, we come away with the distinct view that with the possible exception of Professor Baumol, Ameritech could never satisfy affiants' criteria. Professor Baumol at least expresses the hope that authorization "will not be long in coming"; however, his colleagues collectively raise such a plethora of hurdles that were they all to be taken seriously, society would be stuck without the benefits of authorization for generations.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Robert G. Harris

Robert G. Harris

Subscribed and sworn before me this 3rd day of July, 1997

JACQUELINE O'NEILL
Commission # 1119126
Notary Public — California
Alameda County
My Comm. Expires Dec 6, 2000

Jacqueline O'Neill

Notary Public

My commission expires: Dec. 6, 2000

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

David J. Teece

David J. Teece

Subscribed and sworn before me this 3rd day of July, 1997

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Notary Public

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OFFICE OF THE SECRETARY

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of Application of Ameritech Michigan Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in Michigan	)))))))))	CC Docket No. 97-137

Joint Reply Affidavit of Kay Heltsley, Robert Hollis and Eric Larsen on Behalf of Ameritech Michigan

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the matter of Application of Ameritech Michigan Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in Michigan.	)))))))	CC Docket No. 97-137

JOINT AFFIDAVIT OF KAY HELTSLEY,
ERIC LARSEN, AND ROBERT HOLLIS
ON BEHALF OF AMERITECH MICHIGAN

I. PERSONAL STATEMENT OF KAY HELTSLEY

1. My name is Kay Heltsley. My business address is 25189 Lahser, Room 210, Southfield, Michigan 48034. I am currently Account Manager - CLECs at Ameritech Information Industry Services (AIIS), a division of Ameritech Services, Inc. In this position, I am responsible for AIIS' sales and account management functions serving Brooks Fiber Communications of Michigan, Inc. (Brooks Fiber).

2. AIIS is a business unit of Ameritech that has responsibility for providing sales and service to Brooks Fiber and other telecommunications providers in each of the five states in which Ameritech provides local telephone service. This includes competitive local exchange carriers (CLECs) that are licensed to provide basic local exchange service, including any Ameritech subsidiaries that will provide in-region, interLATA service, e.g., Ameritech Communications, Inc. (ACI).

3. I received my Bachelor of Arts degree from Central Michigan University

in 1972 and my Master of Business Administration degree from the University of Detroit Mercy in 1992.

4. I have 17 years' experience in the telecommunications industry with Ameritech. I began my career in Distribution Services in outstate Michigan, and from 1980 to 1984, was an Outside Plant Facilities and Project Engineer for the Saginaw, Midland, and Flint, Michigan areas. In September 1984, I began a five year rotational assignment with the National Exchange Carrier Association, Inc. (NECA) at their Southwestern Region headquarters in St. Louis, Missouri. During that time, I was responsible for conducting reviews of member company cost studies and CABS (Carrier Access Billing Systems), as well as providing training on access tariffs, settlements, and NECA reporting requirements. In August 1989, I returned to Michigan and became Staff Manager - Operations, responsible for outside plant engineering design methods and procedures for the state. In June 1991, I became Manager - Exchange Carrier Relations, responsible for contract negotiation, product implementation, and service support for all local exchange carriers in Michigan. In August 1993, I became National Account Manager - Ameritech Telephone Industry Services, responsible for bringing products and services to local exchange carrier customers with a presence in multiple states. In March 1997, I was assigned to my present position.

5. Effective March 17, 1997, I became a member of the Ameritech CLEC account management team serving Brooks Fiber. I was brought into AIIS to work with CLEC customers in Michigan and am based in Southfield, Michigan. I immediately began to work with Brooks Fiber personnel and Eric Larsen, who had previously had primary account responsibility for Brooks Fiber, to transition account responsibility. Although I am now the primary interface for Brooks Fiber, Mr. Larsen and I have continued to work together

regarding Brooks Fiber issues in order to provide Brooks Fiber with optimum support from Ameritech.

6. As the Ameritech Account Manager for Brooks Fiber, I serve as Brooks Fiber's primary point of contact on product marketing, policy, regulatory issues, and other matters. It is my responsibility to thoroughly understand the issues that are of critical importance to Brooks Fiber and to position these issues on Brooks Fiber's behalf within Ameritech. It is also my responsibility to identify opportunities to provide Brooks Fiber with products, services, technologies, and network solutions that deliver value to them as a customer.

7. As Brooks Fiber's Account Manager, my primary contacts at Brooks Fiber are Larry Vander Veen, Brooks Fiber's Regional Vice President; Jason DeJongh, Brooks Fiber's Director of Operations; Carl Cooper, Brooks Fiber's Director of Engineering; and Martin Clift, Brooks Fiber's Directory of Regulatory Affairs. In addition, I interface with other Brooks Fiber representatives on an as-needed basis to fulfill my responsibilities.

II. PERSONAL STATEMENT OF ERIC LARSEN

8. My name is Eric Larsen. My business address is 350 N. Orleans, Chicago, Illinois 60654. I am currently Account Manager - CLECs at AIIS. In this position, I provide sales and account management functions serving new competitive local exchange carriers. Prior to March 17, 1997, I had primary account management responsibilities for Brooks Fiber. Those responsibilities are described by Ms. Heltsley in the preceding section. Subsequent to March 17, 1997, I have continued to provide support to Brooks Fiber during the transition of account management responsibilities to Ms. Heltsley.

9. I received my Bachelor of Science in Business Administration from Elmhurst College in 1985. I have 9 years experience in the telecommunications industry. I began my career in the telecommunications industry in April of 1988 as a consultant with Telcom Associates of Chicago and was responsible for the management of telecommunications cost reduction, system development, and telemanagement contracts. In June of 1990, I accepted a position as sales representative with Corporate Communications of Lisle, Illinois, and was responsible for sales and account management functions for customer premise equipment and data communications markets. In September of 1991, I accepted a position as telecommunications manager with Schwarz in Morton Grove, Illinois. In this position, my responsibilities included the management and development of voice and data communications applications and systems. I have been in my present position with Ameritech since December 1995.

III. PERSONAL STATEMENT OF ROBERT HOLLIS

10. My name is Robert Hollis. My business address is 221 N. Washington, Room 407, Lansing, Michigan 48933. I am currently Service Manager at AIIS. In this position, I am responsible for AIIS' service functions relating to Brooks Fiber.

11. I attended Michigan State University for three years. I have 24 years' experience in the telecommunications industry with Ameritech. I began my career in network services in 1973. I started as a lineman, cable splicer, and a conduit inspector. In 1980, I was promoted to outside plant facilities and project engineer for the Lansing, Michigan area. In April of 1997, I was promoted to my present position of Service Manager at AIIS.

12. As Service Manager, I am the primary customer service contact for Brooks Fiber. I manage all service-impacting aspects of AIIS' relationship with Brooks Fiber and the development, implementation, and ongoing support processes for Ameritech's products, services, and programs offered to Brooks Fiber. This includes, but is not limited to, interconnection services, unbundled network elements, access services, and other related services.

13. My responsibilities as service manager for Brooks Fiber include:

- Manage existing and new products and services provided to Brooks Fiber.
- Develop standard practices and procedures relative to Brooks Fiber's interconnection with Ameritech.
- Coordinate interdepartmental team efforts, including documentation and communications, between Brooks Fiber and any department within Ameritech to ensure services are installed and maintained in a proper and timely manner.
- Manage daily relationships with Brooks Fiber to ensure delivery of products and services.
- Maintain and improve performance monitoring processes established for Brooks Fiber.
- Provide performance analysis data with cause and corrective actions to maintain quality service, monitor timely billable services, and ensure appropriate financial controls for capital expenditures within the Network Services organization.
- Provide continued input and guidance to the product teams involved in implementing new services and processes in support of Ameritech's unbundling efforts.

14. My involvement with Brooks Fiber as Service Manager requires daily interaction, including communications, fact-finding, and establishing processes with Brooks Fiber personnel, as well as regularly scheduled and special meetings and projects, as necessary. In my role as Service Manager, I interact on a regular basis with Carl Cooper, Brooks Fiber's Director of Engineering; Jason DeJongh, Brooks Fiber's Director of Operations; Brooks Fiber's General Manager; and all Brooks Fiber Service Managers.

15. I began my current responsibilities with Brooks Fiber in April 1997. Prior to that time, Richard Kasza attended to my current responsibilities and, in addition, provided network implementation functions for Brooks Fiber in Michigan. When I assumed my

current responsibilities, Mr. Kasza retained responsibilities for Brooks Fiber's network implementation functions. Mr. Kasza retains responsibilities relating to end office integration and equipment relating to collocation. For example, along with the representatives of Ameritech's Network Trunk Servicing and Forecasting Group, Mr. Kasza works with Brooks Fiber to establish new direct end office trunking, augmenting current trunking and the conversion of the Grand Rapids network to fully allow the routing of 64K ISDN calls to Brooks Fiber. Mr. Kasza also acts as Ameritech's representative relating to Brooks Fiber's access into physical location points in Ameritech central offices. The purpose of splitting the function between myself and Mr. Kasza was to further enhance the customer service provided to Brooks Fiber by AIIS.

JOINT STATEMENT OF KAY HELTSLEY, ERIC LARSEN, AND ROBERT HOLLIS

16. The purpose of this affidavit is to respond to a number of operational and customer service issues raised by Brooks Fiber in its June 10, 1997 comments to the FCC. For in order to demonstrate that the claims by Brooks Fiber are unfounded, it is helpful to describe the role of the account management and service management team of AIIS in supporting Brooks Fiber and describe the ongoing account management operational and service relationship between the two companies under the terms of the MPSC-approved interconnection agreement. In addition, we will respond to and correct Brooks Fiber's misstatements regarding several of the more specific issues raised in Brooks Fiber's comments which relate to the account management and service management relationship between Ameritech and Brooks Fiber. Brooks Fiber claims that it has experienced significant operational problems that Ameritech allegedly has not addressed or has ignored. As shown

in this affidavit, such claims are false.

17. As Account Managers and Service Managers, we provide the primary interface for Brooks Fiber with Ameritech Michigan on implementation of the parties' interconnection agreement, operational and business issues that may arise, and day-to-day account and service issues. On many issues, we serve as the initial point of contact to address any concerns raised by Brooks Fiber and, where necessary, to raise such concerns with other groups within Ameritech.

18. In order to provide Brooks Fiber with the best possible customer service, representatives from Ameritech, including our account and service management team, meet with Brooks Fiber at their location in Grand Rapids every month to address operational issues. Agenda items are identified by both parties prior to and during these meetings.

19. The monthly operations meetings between Brooks Fiber and Ameritech are a forum to discuss, implement, update, refine, and manage any processes and procedures established for daily activity between the two companies, particularly relating to interconnection services, unbundled network elements, and any other related services provided by Ameritech and used by Brooks Fiber, such as unbundled loops and number portability. During these meetings, we have jointly addressed such items as specific customer cutover projects, issues relating to specific Ameritech services, electronic interfaces, and quality analysis reports.

20. Attached to this affidavit as Schedules 1-5 are representative examples of the meeting agendas, attendance lists, and meeting minutes for the monthly joint operations meetings for the months of February, March, April, May, and June of 1997. These documents provide further information regarding the nature and scope of issues addressed